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CENTRAL INTELLIGENCE AGENCY

REPORT NO. [REDACTED]

**INFORMATION REPORT**

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COUNTRY Hungary/Yugoslavia/USSR

DATE DISTR. 18 January 1979

SUBJECT Hungarian-Yugoslav Trade Since  
Cominform Rift

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1. Within a week after the announcement of the Marshal Tito-Cominform rift, Hungary ceased deliveries to Yugoslavia under the terms of the reparation agreement which called for 70 million dollars worth of goods over a period of several years. Hungary had delivered up to 30 million dollars worth. The Yugoslavs retaliated by confiscating Hungarian property in Yugoslavia.
2. The Hungarians agreed that goods already manufactured for the reparations account could be sold to Yugoslavia as a normal commercial transaction under terms of the Hungarian-Yugoslav Trade Agreement. As of the end of November, Hungarian-Yugoslav trade is continuing in normal fashion.
3. The trade agreement provides for quarterly meetings of a six-man committee of official trade delegates from each country to review the trade accounts and solve new problems. The last session was held in Budapest in early November. Miklos Iszakovits, chief of the Economic Department of the Hungarian Foreign Ministry and a Hungarian delegate, told a close friend that the meetings are friendly and complete agreement is reached on all major matters. The only difficulty which arose concerned the proposed export to Yugoslavia of two items considered war materials by the Hungarian Ministry of Defense. Hungarian trade officials assured Yugoslav delegates, however, that exemption from the ban imposed by the Ministry of Defense could be secured.
4. Hungarian customs officials at Zahony on the Hungarian-USSR border report to the Hungarian Foreign Ministry on all arms shipments by rail from Soviet territory to Yugoslavia. Source saw one of these reports dated September 1948. He deduced that the Soviets still ship arms to Yugoslavia and have not ceased shipments with the announcement of the rift.

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